

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re: : Chapter 11  
:  
LEHMAN BROTHERS HOLDINGS INC., et al., : Case No. 08-13555 (JMP)  
:  
Debtors. : (Jointly Administered)  
:  
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**FIRST INTERIM APPLICATION OF FTI CONSULTING, INC FOR  
ALLOWANCE OF COMPENSATION AND FOR REIMBURSEMENT OF  
EXPENSES FOR SERVICES RENDERED IN THE CASE FOR THE PERIOD  
SEPTEMBER 17, 2008 THROUGH JANUARY 31, 2009**

Name of Applicant: FTI Consulting, Inc.

Authorized to Provide  
Professional Services to: THE OFFICIAL COMMITTEE OF  
UNSECURED CREDITORS OF LEHMAN  
BROTHERS HOLDINGS, INC., et al.

Date of Retention: September 17, 2008

Period for which compensation  
and reimbursement is sought: September 17, 2008 to January 31, 2009

Amount requested in this fee app  
Compensation requested: \$5,261,715.61  
Expense reimbursement requested: \$148,515.81

Amount previously requested  
Compensation requested: \$0.00  
Expense reimbursement requested: \$0.00

This is an (a): X Interim \_\_\_ Final Application

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re:	:	Chapter 11
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LEHMAN BROTHERS HOLDINGS INC., et al.,	:	Case No. 08-13555 (JMP)
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Debtors.	:	(Jointly Administered)
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**FIRST INTERIM APPLICATION OF FTI CONSULTING, INC FOR  
ALLOWANCE OF COMPENSATION AND FOR REIMBURSEMENT OF  
EXPENSES FOR SERVICES RENDERED IN THE CASE FOR THE PERIOD  
SEPTEMBER 17, 2008 THROUGH JANUARY 31, 2009**

FTI Consulting, Inc. ("FTI" or "Applicant"), as financial advisors to the Official Committee of Unsecured Creditors (the "Committee") of Lehman Brothers Holdings Inc. ("LBHI"), the debtors and debtors-in-possession in the above-captioned chapter 11 cases (collectively, the "Debtors" or the "Company") and, together with their non-debtor affiliates, ("Lehman"), hereby submits its First application pursuant to 11 U.S.C. §§330 and 331 for an interim allowance of compensation for services rendered and for reimbursement of expenses incurred in these cases.

**INTRODUCTION**

1. By this application, FTI seeks a First interim allowance of compensation for professional services rendered as financial advisors to the Committee for the period September 17, 2008 through and including January 31, 2009 (the "First Interim Period") in the amount of \$5,261,715.61, representing 11,787.8 hours in professional services, and actual and

necessary expenses of \$148,515.81, which were incurred by FTI during the First Interim Period.

In support of this application, the Applicant represents as follows:

2. This application is submitted pursuant to the terms of the Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Committee Members dated November 5, 2008 (the “Administrative Fee Order”). Pursuant to the Administrative Fee Order, FTI is seeking the interim award and the full payment, without any holdback of fees, of \$5,261,715.61 in fees and \$148,515.81 for reimbursement of its expenses relating to services rendered on behalf of the Committee during the First Interim Period.

### **BACKGROUND**

3. On September 15, 2008 and periodically thereafter (as applicable, the “Commencement Date”), LBHI and certain of its subsidiaries commenced with this Court voluntary cases under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors have continued in the management and operation of their businesses and properties as debtors-in-possession pursuant to 1107(a) and 1108 of the Bankruptcy Code.

4. On September 17, 2008, the United States Trustee for the Southern District of New York appointed the statutory committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code.

5. On September 19, 2008, a proceeding was commenced under the Securities Investor Protection Act of 1970 (“SIPA”) with respect to Lehman Brothers Inc. (“LBI”). A trustee appointed under SIPA (the “SIPC Trustee”) is administering LBI’s estate.

6. By an Order dated November 21, 2008, the United States Bankruptcy Court for the Southern District of New York authorized and approved the Committee's retention of FTI *nunc pro tunc* to September 17, 2008. FTI also filed its First Supplemental Affidavit of Michael Eisenband in Support of Application for an Order for Retention of FTI Consulting, Inc. as Financial Advisors for the Official Committee of Unsecured Creditors on January 23, 2009 and its Second Supplemental Affidavit on April 6, 2009.

7. Included in the \$5,261,715.61 fee amount is \$1,052,343.12 that represents the 20% professional fee holdback referenced in the Administrative Order for the period of September 17, 2008 through January 31, 2009. FTI seeks interim allowance and payment of the fees and expenses in total, including the 20% holdback on professional fees.

#### **SUMMARY OF SERVICES RENDERED**

8. The Debtors' chapter 11 cases have presented numerous complex issues that had to be addressed in order to preserve and maximize value for unsecured creditors. The Retention Order authorizes FTI to render essential financial advisory services to the Official Committee of Unsecured Creditors, which included, but were not limited to the following services during the First Interim Period:

##### **PCD 3 Assessment and Monetization of Remaining Assets**

During this fee period, FTI met on a regular basis with the Debtors to discuss the management of certain exposures in the loan portfolio and develop a strategy to maximize value. FTI also worked with the Debtors to establish ongoing reporting procedures, and to assess and analyze systems and accounting capabilities. Further, FTI focused on the non-trading portfolio, the

Debtors' efforts in managing problem credits, and the ongoing cash collection and application efforts.

**PCD 4 Review, Assessment and Valuation of Real Estate**

The Lehman Brothers real estate portfolio includes positions in hundreds of properties and development projects, including both residential and commercial properties, which span the world with assets in the Americas, Asia and Europe. The portfolio, which has invested capital in the tens of billions, has many significant and complex projects, some of which have more than a billion invested in them individually. The investment positions that the Debtor maintains in these projects are extremely varied and include all levels throughout the projects capital structure. FTI met on a regular basis with the Debtor's financial advisor, Alvarez & Marsal ("A&M"), and legacy Lehman real estate employees retained by the Estate to gain both an in-depth understanding of the portfolio and to deal with current pressing real estate issues. Many of these issues pertained to various motions filed in the case that required positions to be taken by the Creditor Committee and many pertained to certain funding requirements. During this period, the Debtor performed a re-underwriting of all of the positions included in the Commercial America Portfolio. This process was performed to help the estate determine the strategic action to be taken on each of these properties and how best to protect and maximize value. The process also included estimation of the funding requirements on a go forward basis as well as estimation of future recoveries. FTI also began to perform a detailed review of the significant properties in the portfolio to assess the reasonableness and accuracy of the Debtors' analysis. FTI and its real estate specialists met with various Lehman Asset Managers to review their assumptions in regard to all aspects of the properties including projected cash flows, future funding requirements, and

potential recoveries. FTI has presented its findings to the Creditors' Committee's Real Estate Sub-Committee.

#### **PCD 8 Forensic Accounting Projects**

FTI participated in numerous meetings with A&M to review the status of forensic investigation activities. The forensic investigations included intercompany transactions and analysis of the claims by and against financial institutions related to the granting/freezing of collateral immediately prior to the bankruptcy filing. FTI participated in meetings with A&M and the Lehman cash and collateral management group to understand the collateral management process. FTI also reviewed documents produced in connection with the various 2004 Discovery requests and participated in meetings with counsel and A&M regarding the documents produced and next steps.

#### **PCD 10 Analyze Worldwide Corporate Structure and Debt Structure**

FTI spent time analyzing Lehman's complex corporate and debt structure on a consolidated and entity-by-entity basis, including intercompany balances, and guarantee obligations. FTI worked with A&M and Committee professionals, to review and analyze public information regarding the debt issued by both the Debtor and Non-Debtor entities.

#### **PCD 11 Analyze Foreign Administration and Insolvency Proceedings**

Following the Chapter 11 filings in the U.S., funds continued to flow into the bank accounts of non-Debtor affiliates outside the U.S. FTI reviewed the documentation and approval process for release of these funds. FTI also held multiple meetings with A&M to monitor the management of the European proceedings. Other time spent in this task code included the review of the data

preservation process undertaken by the Non-Debtor entities to ensure that appropriate contingency plans are in place in the event of a loss of data or access to the core systems.

**PCD 12 Analysis/Monitoring of Cash Flow and Liquidity**

FTI reviewed the Company's cash position and cash flow projections while providing comments and guidance to management prior to finalization of weekly reports produced by the Debtors. This included developing an understanding of what cash was available at both the Debtor and Non Debtor entities and what cash was segregated and unavailable for use by the Company. FTI attended regular meetings with A&M to discuss the actual weekly cash flow results and prepared reports to the Committee with details of the Debtors' current cash position. FTI also reviewed and analyzed the three- month cash flow forecast, identifying risk and opportunities for the Committee. These services aided the Committee in obtaining a complete understanding of the Company's complex cash flows, financial performance, key business drivers, and areas that needed to be evaluated further (e.g., potential capital calls) in order to ensure that sufficient liquidity was maintained.

**PCD 13 Analyze Employee Compensation**

FTI provided support to the Debtors by assisting in the development and review of the employee retention and recruiting plan. Specifically, FTI reviewed each updated version of the employee retention and recruiting plan to analyze employee headcount and related compensation (base, bonus, and severance pay). Time in this category included discussions with the Debtors with regards to headcount, compensation, the determination of bonus performance goals, pensions, VEBA issues, and other employee benefits. FTI issued regular reports to update the Committee on the current state of the retention and recruiting plan, the determination of employee

compensation structure, the determination of bonus performance goals, the 2008 bonuses payout, and the status of employees who have been given extensions to their original offers.

**PCD 14 Analysis of News/Press**

Lehman operated internationally. Aside from the Debtors Chapter 11 proceedings, there are over 70 international insolvency proceedings related to current and former LBHI entities, resulting from the US Chapter 11 filing, possibly with more proceedings to come. It was essential that the Committee's financial advisors be aware of all events and press throughout the world.

Accordingly, FTI reviewed and summarized news articles from numerous sources which were distributed to all team members for their review. The review of this information enabled the Committee to be up to date on the activities for all Lehman entities, both Debtors and non-Debtors.

**PCD 19 Operational Wind-down Other**

FTI played a significant role in identifying and negotiating the services required under the Transition Services Agreement ("TSA"). This entailed a series of interviews with both the LBHI and Barclay's employees to determine necessary services, and validation with the A&M asset class leads. In addition, FTI helped benchmark the cost of such services in preparation for the pending TSA invoice(s) and supported negotiations over pricing and allocation methodologies. Further, FTI began leading the effort to migrate off the non-IT portion of the TSA services, participated in the IT migration planning, and coordinated the migration of services from Barclays to the Venture Capital portfolio ahead of their separation from the estate. FTI also assisted in the preparation of documents related to TSA compliance issues. Time in this task

code includes participation in weekly TSA task force meetings to monitor the progress of negotiations with Barclays and advise on course(s) of action

**PCD 20 IT Systems and Data Preservation**

FTI assisted A&M with identifying, acquiring, and analyzing data held within the LBHI systems. Tasks included, but not were not limited to, application and database preservation for IBM and Sybase systems; reviewing and cataloging contents of LBHI legacy databases; acquiring and analyzing all data owned and accessed by custodians; and the aggregation, normalization and analysis of data associated with collateral investigations. Progress made included building approximately a dozen parsing and search tools, managing and analyzing over 400,000 backup tapes (including reconciling this data to 20 million text files). FTI is currently building an application to tie back numerous individual files to their corresponding owner, share drive, server, filer and ultimately, backup tape. Time in this code also included the migration of over 10 Terabytes of data which encompasses over 100 applications and 70 databases.

**PCD 22 Assess Proposed Resolution of Derivatives**

FTI attended daily pipeline meetings and periodic credit adjudication meetings with the Lehman/A&M derivatives teams. The meetings provided updates on the cash collection progress and included discussions regarding issues and obstacles encountered during the collection process. The credit adjudication meetings discussed specific proposed settlements recommended by the derivatives team. FTI worked with the applicable transactors in advance of the credit adjudication to provide strategic guidance in negotiations with counterparties and have independently assessed the values and appropriate settlement amounts for select transactions. To the extent that legal issues arose regarding cash collections, or negotiated settlements, FTI

worked with Committee counsel to provide relevant data and information. FTI also worked with the derivatives team to assess the derivative systems, the accounting for settlements, and to develop approval protocols for settlement of transactions and hedging arrangements.

#### **PCD 25 Analysis of Bankruptcy Filings and Court Documents**

FTI assisted Committee Counsel with the review and analysis of facts related to various motions that have been filed. In performing these analyses, FTI met with the appropriate Debtor personnel, discussed the costs and benefits of the relief being sought, and reviewed the underlying data and supporting facts. FTI's involvement with reviewing these motions provided assurance to parties-in-interest as to the propriety of the relief being sought. Analysis included the review of filings related to over 6,000 executory contracts that were assigned to Barclays to ensure there were no duplicate claims filed against the estate. Time was also spent reviewing the Debtors' process regarding the rejection of executory contracts in order to reduce costs and maximize return for creditors.

Additionally, FTI worked closely with the Debtors to review and analyze the Monthly Operating Report required to be filed with the Bankruptcy Court. As part of this process, analysis was performed on significant variances from prior month's data, when available, and proposed footnotes and disclosures were reviewed.

#### **PCD 26 Planning, Supervision and Review**

FTI established project teams to facilitate engagement management. Time expended in this category includes developing and coordinating work plans and meetings to update FTI team members on current case issues. These hours were limited and valuable to the overall project

planning of this engagement and ensured services were provided in the most cost efficient and effective manner.

**PCD 31 Preparation and Participation in Conference Calls/Meetings  
with Debtor**

Services rendered in this code include participating in numerous meetings and conference calls with the Debtors and their advisors. The meetings were necessary to discuss current case status and strategy, motions filed, financial reporting, cash flow and liquidity, assets sales, wind down and compensation issues, as well as various other case issues and to coordinate information requests. FTI updated the Committee on issues raised and proposed resolutions.

**PCD 32 Preparation and Participation in Conference Calls/Meetings  
With Creditors Committee**

FTI's role included coordinating and fulfilling numerous requests from the Unsecured Creditors Committee (the "UCC") for financial and operational data pertaining to the Debtors. FTI worked with Committee Counsel in the preparation and presentation of extensive materials for scheduled twice weekly calls with both the UCC and with the Committee co-chairs regarding updates on derivative positions, real estate positions, cash positions, TSA status, capital calls, monthly operating reports, intercompany balances and other key issues. FTI also attended three in person meetings with the Debtor and the UCC on October 8, 2008, November 13, 2008, and January 15, 2009.

**PCD 36 Preparation of Fee Expense Application**

FTI expended necessary resources to ensure the timely filing of monthly fee statements in accordance with the Administrative Order Pursuant to 11 U.S.C. Sections 105(a) and 331 Establishing Procedures For Interim Compensation and Reimbursement of Expenses of

Professionals dated November 5, 2008. Time in this category includes preparing the Monthly Fee Statements for the fee periods of October 2008 through January 2009.

**ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES**

9. All of the services for which interim compensation is sought herein were rendered for and on behalf of the Committee, and not on behalf of any other entity. FTI respectfully submits that the professional services rendered were necessary, appropriate and have contributed to the effective administration of the Debtors' chapter 11 cases and maximization of value. It is respectfully submitted that the services rendered to the Committee were performed efficiently, effectively and economically.

10. With respect to the level of compensation, §330 of the Code provides, in pertinent part, that the Court may award a professional reasonable compensation for necessary services rendered by such professional based upon consideration of all of the relevant factors, including time spent, rates charged, necessity or benefit of services rendered, reasonableness of time spent and cost of comparable services other than in a bankruptcy case. *See* 11 U.S.C. §330(a).

11. During the First Interim Period, FTI professionals expended an aggregate of 11,787.8 hours in rendering services on behalf of the Committee for a total fee of \$5,261,715.61. FTI submits that its fee is reasonable for the work performed in these cases and the results obtained.

12. FTI incurred out-of-pocket expenses of \$148,515.81 in connection with the rendition of the professional services described above during this First Interim Period. The

actual expenses incurred in providing professional services were necessary, reasonable, and justified under the circumstances to serve the needs of the Committee in these Chapter 11 cases. All air travel to and from the Debtors' location was necessary and billed at actual coach airfare. Additionally, FTI voluntarily limited meal charges to \$40 per meal and reduced all travel fees by 50% during the First Interim Application Period.

### **APPLICATION**

13. This Application is made by FTI in accordance with the Guidelines adopted by the Executive Office for the United States Trustees and the Administrative Order. Pursuant to this application, FTI has attached the following exhibits:

A. Exhibit A -- Retention Order dated November 21, 2008 authorizing the employment and retention of FTI Consulting, Inc. effective as of September 17, 2008 to provide professional services as Financial Advisors to the Official Committee of Unsecured Creditors.

B. Exhibit B -- Summary of billings and collections for each of the months covered in the First Interim Period;

C. Exhibit C -- Summary of time by task code;

D. Exhibit D -- Summary of out of pocket expenses incurred during the First Interim Period;

E. Exhibit E<sup>1</sup> -- Detail of time by task codes, including detailed time entry by professional with description of task performed;

F. Exhibit F<sup>1</sup> -- Summary of out of pocket expenses incurred during the First Interim Period.

G. Exhibit G -- Certification Under Guidelines for Fees and Disbursements for Professionals in Respect of First Application of FTI Consulting, Inc.

<sup>1</sup> Due to the volume of the time records and the detailed expense descriptions at issue, these materials are not being filed with the Court, but copies thereof have been delivered to (i) the Court; (ii) the United States Trustee; (iii) counsel for the Unsecured Creditors Committee; (iv) counsel for the Debtors; and (v) the Debtors.

**CONCLUSION**

14. No agreement or understanding exists between FTI and any other person for the sharing of any compensation to be received for professional services rendered or to be rendered in connection with these cases.

15. No prior application has been made to this or any other Court for the relief requested herein for the First Interim Period.

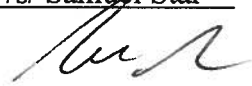
**WHEREFORE**, FTI respectfully requests that this Court enter an order:

- a. approving the allowance of \$5,261,715.61 for compensation for services rendered during the First Interim Period, and reimbursement of \$148,515.81 for out of pocket expenses,
- b. directing the payment of such fees by the Debtors, and
- c. granting such other and further relief as this Court may deem just and proper.

Dated: New York, New York  
April 10, 2009

FTI Consulting, Inc.  
Financial Advisors to the Official Committee  
Of Unsecured Creditors

By: /s/ Samuel Star



Samuel Star  
Senior Managing Director  
Three Times Square  
New York, NY 10036  
(212) 841-9368

# **EXHIBIT**

**“A”**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
In re: : Chapter 11  
:   
LEHMAN BROTHERS HOLDINGS INC., et al., : 08-13555 (JMP)  
:   
Debtors. : (Jointly Administered)  
-----X

**FINAL ORDER UNDER 11 U.S.C. §§ 328(a) AND 1103, FED. R. BANKR. P. 2014,  
AND S.D.N.Y. LBR 2014-1 AUTHORIZING EMPLOYMENT AND  
RETENTION OF FTI CONSULTING INC., AS FINANCIAL ADVISOR  
TO OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF LEHMAN  
BROTHERS HOLDINGS INC., ET AL., EFFECTIVE AS OF SEPTEMBER 17, 2008**

Upon the application, dated October 21, 2008 (the "Application"), of the Official Committee of Unsecured Creditors (the "Creditors' Committee"), appointed in the above-captioned jointly administered chapter 11 cases of Lehman Brothers Holdings Inc., and its affiliated debtors and debtors in possession (collectively, the "Debtors") for an order authorizing the Creditors' Committee to retain and employ FTI Consulting Inc. ("FTI"), effective as of September 17, 2008, as financial advisor for the Creditors' Committee in the above-captioned cases, pursuant to sections 328(a) and 1103(a) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the "Bankruptcy Code") and rule 2014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and rule 2014-1 of the Local Bankruptcy Rules for the District of New York (the "Local Rules"); and the Court having considered the Affidavit of Michael Eisenband, sworn to October 21, 2008 (the "Eisenband Affidavit"), in connection with the Application; and the Court being satisfied based on the representations in the Application and the Eisenband Affidavit, that FTI does not represent any other entity having an adverse interest in connection with the case within the meaning of section 1103(b) of the Bankruptcy Code and is "disinterested" as defined in section 101(14) of the Bankruptcy Code; and the Court having jurisdiction to consider the Application and the

relief requested therein pursuant to 28 U.S.C. § 1334 and the Standing Order of Referral of Cases to Bankruptcy Judges of the United States District Court for the Southern District of New York (Ward, Acting C.J.), dated July 10, 1984; and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the time for objections to the Application having expired on October 31, 2008, except for the United States Trustee and the Debtors, whose respective time to object was extended on consent until November 13, 2008; and, with no objections having been timely filed by any party; and the Court having entered an Interim Order (the "Interim Order") dated November 5, 2008 (Docket No. 1405), approving the Application on an interim basis without objection; and no objection having been timely made or filed by either the Debtors, the United States Trustee, or any other party; and due and proper notice of the Application, the Interim Order, and the hearing to consider entry of a final order approving the Application having been provided as approved in the Interim Order; and it appearing that no other or further notice need be provided; and the Court having reviewed the Application; and the Court having determined that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and upon all of the proceedings had before the Court, and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED that the Application is granted to the extent provided herein; and it is further

ORDERED, that all compensation and reimbursement of expenses to be paid to FTI, shall be subject to prior approval of this Court in accordance with the requirements under

§§ 330 and 331 of the Bankruptcy Code and the order of this Court which establishes procedures for monthly compensation and reimbursement of expenses; and it is further

ORDERED, that without limiting the rights of the United States Trustee to object to FTI's interim or final fee applications and without limiting the requirement that all compensation and reimbursement of expenses to be paid to FTI shall be subject to prior approval of this Court, in each instance as set forth in this Order, the Completion Fee (as defined in the Application), to the extent approved by the Court, shall be an expense of the administration of the above-captioned chapter 11 cases, payable, following conversion of such cases to a case under Chapter 7 of Title 11 of the United States Code, in the same order of priority as other allowed chapter 11 administrative expenses; and it is further

ORDERED, that all requests of FTI for payment of indemnity pursuant to the Engagement shall be made by means of an application (interim or final as the case may be) and shall be subject to review by the Court to ensure that payment of such indemnity conforms to the terms of the Engagement and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity is sought, provided, however, that in no event shall FTI be indemnified in the case of its own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct; and it is further

ORDERED, that in no event shall FTI be indemnified if the Debtor or a representative of the estate, asserts a claim for, and a court determines by final order that such claim arose out of, FTI's own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence, or willful misconduct; and it is further

ORDERED that in the event FTI seeks reimbursement for attorneys' fees pursuant to the terms of the Engagement, the invoices and supporting time records from such

attorneys shall be included in FTT's own application and such invoices and time records shall be subject to the United States Trustee's guidelines for compensation and reimbursement of expenses and the approval of the Bankruptcy Court under the standards of sections 330 and 331 of the Bankruptcy Code; and it is further

ORDERED that to the extent this Order is inconsistent with the Engagement or the Application, this Order shall govern; and it is further

ORDERED that this court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Dated: New York, New York  
November 21, 2008

*s/ James M. Peck*  
UNITED STATES BANKRUPTCY JUDGE

# **EXHIBIT**

**“B”**

**EXHIBIT B**  
**LEHMAN BROTHERS HOLDING, INC., CASE NO. 08 - 13555**  
**SUMMARY OF FEES & EXPENSES BY MONTH**  
**FOR THE PERIOD SEPTEMBER 17, 2008 TO JANUARY 31, 2009**

	September 17, 2008 - October 31, 2008	November 1, 2008 - November 30, 2008	December 1, 2008 - December 31, 2008	January 1, 2009 - January 31, 2009	Total
<b>FEES</b>					
Incurred	\$ 1,752,222.61	\$ 1,156,717.97	\$ 1,002,308.40	\$ 1,398,096.38	\$ 5,309,345.36
Travel Reduction (50%)	(11,358.75)	(10,185.50)	(9,939.25)	(16,146.25)	(47,629.75)
Billed	\$ 1,740,863.86	\$ 1,146,532.47	\$ 992,369.15	\$ 1,381,950.13	\$ 5,261,715.61
Paid	(1,392,691.09)	(917,225.98)	(793,895.32)	(1,105,560.10)	(4,209,372.49)
Unpaid	\$ 348,172.77	\$ 229,306.49	\$ 198,473.83	\$ 276,390.03	\$ 1,052,343.12
<b>EXPENSES</b>					
Incurred & Billed	\$ 22,663.93	\$ 31,033.25	\$ 41,631.35	\$ 53,187.28	\$ 148,515.81
Paid	(22,663.93)	(31,033.25)	(41,631.35)	(53,187.28)	(148,515.81)
Unpaid	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL</b>					
Incurred	\$ 1,774,886.54	\$ 1,187,751.22	\$ 1,043,939.75	\$ 1,451,283.66	\$ 5,457,861.17
Travel Reduction	(11,358.75)	(10,185.50)	(9,939.25)	(16,146.25)	(47,629.75)
Billed	\$ 1,763,527.79	\$ 1,177,565.72	\$ 1,034,000.50	\$ 1,435,137.41	\$ 5,410,231.42
Paid	(1,415,355.02)	(948,259.23)	(835,526.67)	(1,158,747.38)	(4,357,888.30)
Unpaid	\$ 348,172.77	\$ 229,306.49	\$ 198,473.83	\$ 276,390.03	\$ 1,052,343.12

# **EXHIBIT**

**“C”**

**EXHIBIT C**  
**LEHMAN BROTHERS HOLDING, INC., CASE NO. 08 - 13555**  
**SUMMARY OF HOURS AND FEES BY PROJECT CATEGORY BY MONTH**  
**FOR THE PERIOD SEPTEMBER 17, 2008 TO JANUARY 31, 2009**

Category	Category Description	Sept. 17, 2008 - Oct. 31, 2008			November 1 - 30, 2008			December 1 - 31, 2008			Jan. 1, 2009 - Jan. 31, 2009			Total		
		Hours	Fees		Hours	Fees		Hours	Fees		Hours	Fees		Hours	Fees	
1	Review Business Unit Sales	-	\$		3.9	\$	2,212.50	-	\$		-	\$		3.9	\$	2,212.50
2	Analyze Financing Matters	21.1	\$	10,715.75	-	\$	-	-	\$		-	\$		21.1	\$	10,715.75
3	Assessment and Monetization of Remaining Assets	65.4	\$	41,761.50	34.0	\$	22,188.00	34.6	\$	22,685.00	44.3	\$	33,096.50	178.3	\$	119,731.00
4	Review, Assessment and Valuation of Real Estate	438.6	\$	141,146.00	468.2	\$	175,704.00	783.4	\$	261,041.50	741.5	\$	287,916.50	2,431.7	\$	865,808.00
5	Review, Assessment and Valuation of Other Assets	-	\$	-	2.3	\$	1,559.00	-	\$	-	-	\$	-	2.3	\$	1,559.00
7	Identification of Other Sources of Recovery	3.5	\$	2,360.00	3.0	\$	1,860.00	-	\$	-	-	\$	-	6.5	\$	4,220.00
8	Forensic Accounting Projects	166.6	\$	87,408.50	115.2	\$	60,445.50	15.5	\$	9,208.00	19.8	\$	13,411.50	317.1	\$	170,473.50
9	Bailout Legislation	20.4	\$	12,496.00	1.7	\$	943.50	1.2	\$	768.00	-	\$	-	23.3	\$	14,207.50
10	Analyze Worldwide Corporate Structure and Debt Structure	168.2	\$	71,848.47	115.8	\$	55,443.50	27.9	\$	13,430.50	137.9	\$	76,237.50	449.8	\$	216,959.97
11	Analyze Foreign Administration and Insolvency Proceedings	99.5	\$	70,299.14	46.4	\$	33,390.12	26.5	\$	15,273.40	35.5	\$	16,882.74	207.9	\$	135,845.40
12	Analysis/Monitoring of Cash Flow/Liquidity	315.7	\$	155,190.25	172.1	\$	80,165.00	146.2	\$	74,408.00	207.0	\$	118,149.51	841.0	\$	427,912.77
13	Analyze Employee Compensation	211.4	\$	118,759.50	33.4	\$	17,333.00	75.8	\$	39,492.50	8.7	\$	5,959.50	329.3	\$	181,544.50
14	Analysis of News/Press	162.0	\$	75,691.42	50.4	\$	21,153.00	34.1	\$	14,923.00	42.6	\$	21,820.50	289.1	\$	133,587.92
16	Review and Development of Plan of Reorganization	363.4	\$	209,402.00	26.3	\$	10,668.50	25.4	\$	13,722.00	9.6	\$	7,185.00	61.3	\$	31,575.50
19	Operational Wind-down Other	421.1	\$	173,184.75	812.3	\$	270,467.44	814.3	\$	240,714.00	920.4	\$	307,845.50	2,968.1	\$	992,211.69
20	IT System and Data Preservation	-	\$	-	1.3	\$	601.50	1.1	\$	588.50	5.3	\$	3,987.50	7.7	\$	5,177.50
21	Claims Assessment, Analysis and Adjudication	98.9	\$	59,838.50	44.6	\$	27,901.00	50.5	\$	31,477.50	228.4	\$	120,499.00	422.4	\$	239,716.00
22	Assess Proposed Resolution of Derivatives	3.5	\$	1,896.66	1.2	\$	853.00	0.8	\$	569.50	2.8	\$	2,310.00	8.3	\$	5,629.16
23	Review and Assessment of Tax Issues	11.9	\$	5,185.00	0.3	\$	199.50	-	\$	-	-	\$	-	12.2	\$	5,384.50
24	Prep and Review Information Requests	102.2	\$	49,840.20	69.5	\$	31,149.00	54.9	\$	25,416.50	41.6	\$	25,446.50	268.2	\$	131,852.20
25	Analysis of Bankruptcy Filings and Court Documents	131.6	\$	77,003.87	50.1	\$	26,840.50	26.3	\$	15,404.50	28.9	\$	18,999.50	236.9	\$	138,248.37
26	Planning, Supervision and Review	4.5	\$	1,829.50	-	\$	-	-	\$	-	-	\$	-	4.5	\$	1,829.50
27	Monitor Flow and Dissemination of Information	4.3	\$	2,558.50	2.5	\$	1,787.50	-	\$	-	-	\$	-	6.8	\$	4,346.00
28	Preparation for Attendance at Court	4.5	\$	2,988.50	-	\$	-	-	\$	-	-	\$	-	4.5	\$	2,988.50
30	Government Investigation Status	151.9	\$	92,195.38	42.3	\$	24,285.40	32.0	\$	15,230.00	61.5	\$	35,586.55	287.7	\$	167,297.34
31	Preparation and Participation in Conference Calls with Debtor	267.0	\$	173,987.08	126.1	\$	79,479.50	53.5	\$	32,477.50	76.4	\$	52,792.00	523.0	\$	338,736.08
32	Creditors Committee	43.5	\$	25,365.14	8.4	\$	5,791.00	3.0	\$	2,145.00	45.5	\$	28,639.07	100.4	\$	61,940.22
34	Meetings with Other Parties	140.0	\$	66,553.50	0.5	\$	357.50	4.3	\$	1,784.50	6.4	\$	3,949.00	151.2	\$	72,644.50
35	Firm Retention and Relationships Check	-	\$	-	91.4	\$	42,148.00	88.9	\$	28,947.00	93.5	\$	31,137.50	273.8	\$	102,232.50
36	Preparation of Fee and Expense Application	43.8	\$	22,717.50	53.4	\$	20,371.00	68.5	\$	19,878.50	100.5	\$	32,292.50	266.2	\$	95,259.50
37	Non-Working Travel Time	3,464.4	\$	1,752,222.61	2,633.1	\$	1,156,717.97	2,591.6	\$	1,002,508.40	3,098.6	\$	\$1,398,096.38	11,787.7	\$	\$3,093,345.36
	Sub Total															
	Less Travel Reduction (50% of travel fees)			(11,358.75)		(10,185.50)		(9,939.25)		(16,146.25)						(47,629.75)
	Grand Total	3,464.4	\$	1,740,863.86	2,633.1	\$	1,146,532.47	2,591.6	\$	992,569.15	3,098.6	\$	1,381,950.13	11,787.7	\$	\$3,261,715.61

# **EXHIBIT**

**“D”**

**EXHIBIT D**  
**LEHMAN BROTHERS HOLDINGS, INC., CASE NO. 08-13555**  
**SUMMARY OF EXPENSES BY CATEGORY BY MONTH**  
**FOR THE PERIOD SEPTEMBER 17, 2008 THROUGH JANUARY 31, 2009**

Expense Category	September 17, 2008 - October 31, 2008		November 1, 2008 - November 30, 2008		December 1, 2008 - December 31, 2008		January 1, 2009 - January 31, 2009		Total
Airfare <sup>1</sup>	\$	-	\$	6,102.99	\$	3,069.00	\$	6,580.60	\$ 15,752.59
Lodging		11,476.20		17,746.47		28,507.10		32,686.05	\$ 90,415.82
Meals <sup>2</sup>		1,312.46		2,687.52		3,190.66		4,189.18	\$ 11,379.82
Transportation		9,330.41		4,116.61		6,209.47		8,638.43	\$ 28,294.92
Other		544.86		379.66		655.12		1,093.02	\$ 2,672.66
<b>Total Out-of-Pocket Expenses</b>	<b>\$</b>	<b>22,663.93</b>	<b>\$</b>	<b>31,033.25</b>	<b>\$</b>	<b>41,631.35</b>	<b>\$</b>	<b>53,187.28</b>	<b>\$ 148,515.81</b>

**Notes:**

<sup>1</sup> All airplane travel is charged at the cost of coach airfare. To the extent that staff travel to locations other than their home destination for the weekend, travel expenses are limited to the lesser cost associated with the alternative destination or their home city.

<sup>2</sup> Meals have been limited to \$40 per person per meal. FTI is not seeking reimbursement for lunches in this matter.

# **EXHIBIT**

**“E”**

Due to the volume of the time records and the detailed expense descriptions at issue, these materials are not being filed with the Court, but copies thereof have been delivered to (i) the Court; (ii) the United States Trustee; (iii) counsel for the Unsecured Creditors Committee; (iv) counsel for the Debtors; and (v) the Debtors.

## **EXHIBIT**

**“F”**

Due to the volume of the time records and the detailed expense descriptions at issue, these materials are not being filed with the Court, but copies thereof have been delivered to (i) the Court; (ii) the United States Trustee; (iii) counsel for the Unsecured Creditors Committee; (iv) counsel for the Debtors; and (v) the Debtors.

# **EXHIBIT**

**“G”**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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	:	
In re:	:	Chapter 11 Case No.
	:	
LEHMAN BROTHERS HOLDINGS INC., <u>et al.</u> ,	:	08-13555 (JMP)
	:	
Debtors.	:	(Jointly Administered)
	:	
-----	X	

**CERTIFICATION UNDER GUIDELINES FOR FEES AND DISBURSEMENTS  
FOR PROFESSIONALS IN RESPECT OF FIRST APPLICATION OF FTI  
CONSULTING, INC. FINANCIAL ADVISOR TO  
OFFICIAL COMMITTEE OF UNSECURED CREDITORS, FOR INTERIM  
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND  
FOR REIMBURSEMENT OF EXPENSES DURING PERIOD FROM  
SEPTEMBER 17, 2008 THROUGH AND INCLUDING JANUARY 31, 2009**

Pursuant to the Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on June 24, 1991 and amended April 21, 1995 (together, the "Local Guidelines"), and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996 (the "U.S. Trustee Guidelines" and, together with the Local Guidelines, the "Guidelines"), the undersigned, a senior managing director of FTI Consulting, Inc. ("FTI"), financial advisors to the Official Committee of Unsecured Creditors (the "Committee") of Lehman Brothers Holdings Inc. and its affiliated debtors in possession in the above-captioned cases (collectively, the "Debtors"), hereby certifies with respect to FTI's first application for allowance of compensation for services rendered and for reimbursement of expenses, dated April 10, 2009 (the "Application"), for the period of

September 17, 2008 through and including January 31, 2009 (the "First Interim Period") as follows:

1. I am the professional designated by FTI in respect of compliance with the Guidelines.
2. I make this certification in support of the Application, for interim compensation and reimbursement of expenses for the First Interim Period, in accordance with the Local Guidelines.
3. In respect of section B.1 of the Local Guidelines, I certify that:
  - a. I have read the Application.
  - b. To the best of my knowledge, information and belief formed after reasonable inquiry, the fees and disbursements sought fall within the Guidelines.
  - c. Except to the extent that fees or disbursements are prohibited by the Guidelines, the fees and disbursements sought are billed at rates in accordance with practices customarily employed by FTI and generally accepted by FTI's clients.
  - d. In providing a reimbursable service, FTI does not make a profit on that service, whether the service is performed by FTI in-house or through a third party.
4. In respect of section B.2 of the Local Guidelines, I certify that FTI has provided statements of FTI's fees and disbursements previously accrued, by filing and serving monthly statements in accordance with the Administrative Fee Order (as defined in the Application).
5. In respect of section B.3 of the Local Guidelines, I certify that copies of the Application are being provided to (a) the Court, (b) the Debtors, (c) counsel for the Debtors, (d) counsel for the Committee and (e) the Office of the United States Trustee.

Dated: New York, New York  
April 10, 2009

By: /s/ Samuel Star  
Samuel Star

A handwritten signature in black ink, appearing to read 'Samuel Star', written over a horizontal line.